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INTRODUCTION

New Light Consultants, Inc. (New Light) entered into contract #COUN-06-99399 with the Michigan Department of Human Services (DHS). Under the Counseling Contract, New Light was to provide Outreach Counseling to referred clients and/or families or other persons significant to the client for services identified in the referral. New Light provides services in the client's home to achieve established goals and objectives by the therapist and family. This contract covers the period April 1, 2006 through March 31, 2007 and has an open-ended contract amount. New Light was reimbursed for units of service provided through submission of monthly billings to DHS.

SCOPE

The Office of Internal Audit performed an audit of New Light for the period April 1, 2006 through February 28, 2007. The purpose of our audit was to determine if their billings were accurate, the units billed were properly supported and accounted for, and that the therapists billed for under this contract were authorized by DHS to perform services for this contract. We reviewed case files and other service documentation to determine if New Light had all necessary information on file to document that they provided the required services to eligible clients.

EXECUTIVE SUMMARY

Based on our audit, we concluded that New Light had areas of noncompliance with the contract and were overpaid by DHS by \$53,939.70. The overpaid amount was a result of two therapists billing for units under the contract but were not certified by DHS, and units that were billed but not supported by the case record (See Schedule A). We also found instances where the therapist and client did not initial the Monthly Treatment Report which is the document used to support the units billed.

Our report recommends that the Field Operations Administration (FOA) initiate the process to recoup \$53,939.70 (\$52,333.70; \$511; \$1,095) from New Light for the disallowed therapists billed units and unauthorized units.

AGENCY RESPONSE

New Light has reviewed all findings and recommendations included in this report. They responded in a letter dated August 10, 2007, and via a telephone conversation on August 29, 2007 that they disagree with finding #1. They stated that they submitted all the necessary paperwork, billed and were paid for those therapists units, and were never notified by DHS that the therapists in question were uncertified. They feel there was a breakdown in the system and that the paperwork submitted was never received by the contract office. They are in general agreement with findings #2, 3 and 4 and have taken corrective action.

FINDINGS AND RECOMMENDATIONS

Millington and Saginaw Offices

Uncertified Therapists

1. New Light was overpaid by DHS \$52,333.70 for units of service provided for therapists who were not certified by DHS to provide services (see Schedule B). The contract states the employee clearances are a condition of this contract. Each contractor will conduct or cause to be conducted a National Crime Information Center criminal records check and DHS Central Registry Check for each applicant or employee of the contractor. The contract further states that the Contractor will not submit claims for the services of any person DHS determines ineligible for any contract or any DHS referred customers, by reason of failure to meet DHS eligibility criteria based on National Criminal Information Center or Central Registry histories.

With New Light not providing the necessary certifications, the therapists do not have documentation they cleared the Central Registry or criminal checks.

WE RECOMMEND that FOA initiate the process to recoup the \$52,333.70 for units billed for uncertified therapists.

Millington Office

Case File Review-Overbilled Units

2. New Light overbilled DHS \$511 for 7 units of services provided by certified therapists. The overbilled units were a result of units not supported by the Monthly Treatment Report or for units not authorized by a referral. The contract requires New Light to maintain records that support the units billed. The Monthly Treatment Report is used by the therapist to document the units of service provided. The Service Authorizations are required to indicate the time period that services are to be provided and the number of units. The contract states that counseling services shall not exceed six consecutive months unless approved in writing by the referring worker's supervisor or designee.

WE RECOMMEND that FOA initiate the process to recoup \$511 and to instruct New Light to only bill for units documented, supported, and allowable per the terms of the contract.

Unsigned Monthly Treatment Reports

3. The New Light therapist and the client did not initial and date the Monthly Treatment Report for 3 out of 11 (27.3%) cases sampled for the certified therapists. The contract requires the contractor to maintain a record system that documents the total number of units of service. These records shall also document the specific units

billed to DHS under this agreement. New Light documents units of service provided by recording the date and time on the Monthly Treatment Report. The therapist and client are to initial and date the report to document that the service has been delivered. Having the therapist and client initial the treatment report each visit will ensure the units of service billed for are properly documented and supported.

WE RECOMMEND that FOA instruct New Light to follow the procedure of initialing the treatment report to support the units billed.

Saginaw Office

Case Review-Overbilled Units

4. New Light overbilled DHS \$1,095 for 15 units of services provided by certified therapists. The overbilled units were a result of seven units (1 case) billed for that were not authorized by a DHS referral, and 8 units (2 cases) that were billed for but not properly documented on the Monthly Treatment Report. The Monthly Treatment Report is used by the therapist to document the units of service provided. The Service Authorizations are required to indicate the time period that services are to be provided and the number of units. The contract states that counseling services shall not exceed six consecutive months unless approved in writing by the referring worker's supervisor or designee.

WE RECOMMEND that FOA initiate the process to recoup \$1,095 and to instruct New Light to bill only for those units that are authorized and supported by the case records.

New Light Consultants, Inc.
Schedule A
Schedule of OverBilled Amounts

Contract	Line Item	Amount
		Over (under) Billed
COUN	Uncertified Therapists	\$52,333.70
	Overbilled Units-Millington	\$511
	Overbilled Units-Saginaw	\$1,095
	Total	\$53,939.70

New Light Consultants, Inc.
Schedule B
Summary of Billing, Payments, and Audited Costs
4/1/06-2/28/07

Source:	Agency Invoices, Statement of Expenditures and Direct Vouchers					
Purpose:	To document the allowable costs					
Conclusion:	Contract was overbilled and overpaid by \$52,333.70.					
		Per Invoice	Amount		Per Billed and Paid	
County	Amount	Uncertified	Allowable	Amount	Allowable	Overpaid
	per Agency	Therapist		Paid	Cost	Amount
	Invoice	Amount				
Genesee	3,000.30	2,138.90	861.40	2,080.50	861.40	1,219.10
			-			-
Sanilac	6,102.80	2,839.70	3,263.10	6,080.90	3,263.10	2,817.80
			-			-
Bay	8,716.20	7,008.00	1,708.20	8,541.00	1,708.20	6,832.80
			-			-
Huron	9,176.10	6,767.02	2,409.08	7,884.00	1,606.00	6,278.00
			-			-
Lapeer	12,008.50	4,657.40	7,351.10	12,154.50	7,351.10	4,803.40
			-			-
Tuscola	66,196.40	29,543.10	36,653.30	65,371.50	36,653.30	28,718.20
			-			-
Saginaw	63,210.70	5,080.80	58,129.90	59,860.00	58,129.90	1,730.10
			-			-
Ogemaw	569.40	-	569.40	547.50	569.40	(21.90)
			-			-
Roscomm	3,883.60	-	3,883.60	3,869.00	3,883.60	(14.60)
			-			-
Crawford	613.20	-	613.20	584.00	613.20	(29.20)
			-			-
Total	\$ 173,477.20	\$ 58,034.92	\$ 115,442.28	\$ 166,972.90	\$ 114,639.20	\$ 52,333.70
Amount Per Invoice		\$ 173,477.20				
Less: Disallowed Therapis		\$ 58,034.92				
Total		\$ 115,442.28				
Amount Paid		\$ 166,972.90				
Allowable Amount		\$ 114,639.20				
Total overpaid		\$ 52,333.70				